

Remuneration report 2023

Introduction

This report describes how Hexatronic Group AB's guidelines for remuneration to the group management team (the "Remuneration Guidelines"), adopted by the Annual General Meeting 2020, were applied during 2023.

The report also contains information on remuneration to Hexatronic Group AB's CEO and Deputy CEO and a summary of the company's outstanding share and share price-related incentive programs. The report has been prepared in accordance with Chapter 8. 53a and 53b §§ of the Swedish Companies Act and the Stock Market Self-Regulation Committee's Remuneration Rules.

Further information on remuneration to senior executives in accordance with Chapter 5, Sections 40-44 of the Annual Accounts Act. 40-44 §§ (1995:1554) can be found in note 10 in the company's annual report for 2023 ("Annual Report 2023"). Information on the work of the Remuneration Committee during 2023 can be found in the corporate governance report in the Annual Report 2023.

This report does not cover the Board of Directors' fees. Such fees are decided annually by the Annual General Meeting and are recognized in Note 10 of the Annual Report 2023.

Development in 2022

The CEO summarizes the company's overall performance in his report (Comments from the CEO) in the 2023 annual report.

Overview of the application of the Remuneration Guidelines in 2022

The Remuneration Guidelines are intended to ensure that the Hexatronic Group can attract and retain qualified employees and thereby contribute to the business strategy and long-term interests, including its sustainability. Remuneration to members of Group Management shall be designed on market terms while supporting the interests of the shareholders. Variable cash remuneration covered by these guidelines shall be linked to predetermined and measurable criteria, which aim to promote the Hexatronic Group's business strategy and long-term interests, including its sustainability.

The total remuneration to members of the group management shall be able to consist of the following components: fixed remuneration, variable remuneration, share and share price based incentive programs, pension, and other benefits. These components shall create a balanced remuneration that reflects individual performance and responsibility as well as the overall performance of the Hexatronic Group. In addition - and independently of these guidelines - the AGM may decide on other remuneration, such as Hexatronic's long-term performance-based share savings program.

The Remuneration Guidelines can be found in the Board of Director's Report in the Annual Report 2023. During 2023, the company followed the Remuneration Guidelines adopted by the Annual General Meeting 2023.

No deviations have been made, and no deviations have been made from the decision-making process that, according to the guidelines should be applied to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at <https://group.hexatronic.com>. No remuneration has been claimed back.

In addition to the remuneration covered by the Remuneration Guidelines, the company's annual general meetings have decided to introduce Hexatronic's long-term performance-based share savings program ("LTIP") and long-term warrant programs for senior executives and key employees.

Total remuneration to the CEO and Deputy CEO in 2023 (MSEK)

The table below presents the total remuneration earned by Hexatronic Group AB's CEO and Deputy CEO during 2023¹.

Total remuneration to the CEO and Deputy CEO in 2023 (MSEK)

Name and position	Fixed remuneration		Variable remuneration				Pension expenses	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Benefits ²	One-year Variable	Multi-year Variable	Share-based remuneration	Extraordinary item			
Henrik Larsson Lyon, CEO	5.8	0.1	0.6	-	1.7	-	1.7	9.8	73 %/ 27 %
Martin Åberg, Deputy CEO	3.8	0.1	0.3	-	1.0	-	1.1	6.2	75 %/ 25 %
Total	9.6	0.2	0.9	0.0	2.6	0.0	2.7	16.1	

¹Refers to expensed reimbursements recognized during the financial year where payment may or may not have been made during the financial year.

²Other benefits consist of holiday pay, car and travel-related benefits, and insurance.

Share-based compensation

Outstanding share-based and share price-related incentive programs

The company introduced three long-term performance-based share savings programs (LTIP) for a few Swedish employees in senior positions. Provided that the employee has made a personal investment in shares in the company (savings shares), the employee has been allocated 2-6 performance share rights per savings share. Under these programs, the CEO has invested in 38,614 savings shares, and consequently, a maximum of 231,684 performance share rights can be obtained. The Deputy CEO has invested in 22,875 savings shares and consequently a maximum of 137,250 performance share rights can be obtained. The performance share rights have been granted free of charge and are subject to a three-year vesting period and require continued employment. Vesting of performance shares also requires fulfilment of performance conditions - earnings per share after dilution per financial year 2021-2025 for the group (relative weighting 33%), net sales growth per financial year 2021-2025 for the group (relative weighting 34%) and EBITA margin per financial year 2021-2025 for the group (relative weighting 33%).

The company has three ongoing warrant programs (2021/2024, 2022/2025, 2023/2026) for employees both in Sweden and abroad. For employees in Sweden, a market-based warrant premium has been paid, valued according to the Black & Scholes valuation model. Vesting of the warrants does not require continued employment.

Employees abroad have received the warrant free of charge. Vesting of the warrants requires continued employment during the current three-year period.

For more information on the above share-based and share price-related incentive programs, see note 28 in the 2023 annual report.

Share savings program (CEO)

Share savings programme (CEO)						Information regarding the reported financial year					
Programmes name	Performance period	Main conditions			Opening balance Share rights at the beginning of the year	In the year			Closing balance		
		Date for allotment	Date for vesting	Expiry of retention period		Allocated	Expired	Earned	Granted but not vested by the end of the year	Whereof subject to performance conditions	Whereof subject to conditions of service
Henrik Larsson Lyon, VD	L TIP 2021	2021-2023	2021-08-17	2024-06-30	147,840	0	-4,928	0	142,912	0	142,912
	L TIP 2022	2022-2024	2022-06-30	2025-06-30	36,930	0	-1,231	0	35,699	12,310	23,389
	L TIP 2023	2023-2025	2023-06-30	2026-06-30	0	46,914	-11,989	0	34,925	31,276	3,649

Share savings program (Deputy CEO)

Share savings programme (CEO)						Information regarding the reported financial year					
Programmes name	Performance period	Main conditions			Opening balance Share rights at the beginning of the year	In the year			Closing balance		
		Date for allotment	Date for vesting	Expiry of retention period		Allocated	Expired	Earned	Granted but not vested by the end of the year	Whereof subject to performance conditions	Whereof subject to conditions of service
Martin Åberg, WD	L TIP 2021	2021-2023	2021-08-17	2024-06-30	81,300	0	-2,710	0	78,590	0	78,590
	L TIP 2022	2022-2024	2022-06-30	2025-06-30	24,900	0	-0,830	0	24,070	8,300	15,770
	L TIP 2023	2023-2025	2023-06-30	2026-06-30	0	31,050	-7,935	0	23,115	20,700	2,415

Application of performance criteria

The performance criteria for the CEO's and Deputy CEO's variable remuneration have been chosen to realize the company's strategy and to encourage behavior that is in the long-term interest of the company. When selecting the performance criteria, the strategic objectives and short and long-term business priorities for the year 2023 have been taken into account. The non-financial performance criteria contribute to the qualitative development of the company's operations.

CEO's performance during the reported financial year: variable cash remuneration

CEO's performance during the reported financial year: variable cash remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria	(a) measured performance; and b) actual allocation/compensation outcome	
			a)	b)
Henrik Larsson Lyon, CEO	Group Net sales 2023	20%	0%	-
	Group EBITA 2023	50%	0%	-
	Group operating cash flow 2023	20%	4%	0.0 MSEK
	Group sustainability targets 2023	10%	100%	0.6 MSEK

Deputy CEO's performance during the reported financial year: variable cash remuneration

Deputy CEO's performance during the reported financial year: variable cash remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria	(a) measured performance; and b) actual allocation/compensation outcome	
			a)	b)
Martin Åberg, Deputy CEO	Group Net sales 2023	20%	0%	-
	Group EBITA 2023	50%	0%	-
	Group operating cash flow 2023	20%	4%	0.0 MSEK
	Group sustainability targets 2023	10%	100%	0.3 MSEK

CEO's performance during the reported financial year: share-based remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria	(a) measured performance; and b) actual allocation/compensation outcome	
			a)	b)
Henrik Larsson Lyon, CEO	Earnings per share after dilution	33%	67%	0.6 MSEK
	Growth Net Sales	34%	53%	0.4 MSEK
	Group EBITA margin	33%	83%	0.6 MSEK

Deputy CEO's performance during the reported financial year: share-based remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria	(a) measured performance; and b) actual allocation/compensation outcome	
			a)	b)
Martin Åberg, Deputy CEO	Earnings per share after dilution	33%	67%	0.4 MSEK
	Growth Net Sales	34%	53%	0.3 MSEK
	Group EBITA margin	33%	83%	0.4 MSEK

Comparative information on changes in remuneration and company performance (MSEK)

	2023		2022		2021		2020	
	MSEK	% 23/22	MSEK	% 22/21	MSEK	% 21/20	MSEK	
Total remuneration to CEO and Deputy CEO	16.1	-3%	16.6	28%	12.9	42%	9.1	n/a
Net Sales	8,150	24%	6,574	88%	3,492	68%	2,081	n/a
EBITA result	1,234	13%	1,090	177%	394	92%	205	n/a
Average compensation based on full-time equivalents in Hexatronic Group AB	0.5	-3%	0.5	5%	0.5	2%	0.5	n/a